

# AMERICAN MANAGEMENT REVIEW

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# AMERICAN MANAGEMENT REVIEW

*December, 1925*

## THE MEMBERS' FORUM

### Supervision

The view is sometimes expressed that workers should not require supervision. Correct! They should not, but they do.

By supervision, the writer does not have in mind any plan of espionage or driving which would incur the ill-will of a staff or take the pleasure out of the task, but rather that kind of control and close contact which keeps production well up to definite standards.

In a business such as that of a large Insurance Company employing thousands of clerks, and issuing many thousands of policies a week, every effort must be made to handle the vast volume of work promptly and efficiently.

The formation of departments, with managers in charge is a perfectly natural thing as the business expands. The Company the writer represents has sixty separate department units, each having its Manager, Assistant Managers and Supervising Clerks. Some of the work such as the approving of applications, auditing of accounts, writing and comparing premium notices and receipts—and other items which could be mentioned—is of such quantity that we can determine a fair average "allotment" per individual per day or week, and the staff is encouraged to equal or exceed the standard thus established.

No concern should hope to get more than is humanly possible from its workers; adequate supervision will result in the establishing of a proper QUANTITY production.

The best intentioned clerk will, if not given something at which to aim, relax from time to time, and even the knowledge that he or she is not accom-

plishing as much as another in the same line of work, does not seem to be a sufficient urge to speed up.

The management of the department should have the record of output in convenient form for quick reference and take prompt steps to correct any tendency to fall below the requirement.

Compensation is an important factor. Service is not rendered solely for the love of it, and loyalty and maximum production must be paid for.

Probably in no business is it more essential to maintain a low rate of expense than in the life insurance business. Fair and living salaries must be paid, yet there must be no more help employed than is absolutely necessary to transact the business.

This is alluded to simply to support the contention that every one should be held up to a proper production.

### **Straight Salary Basis Method of Compensation**

The best method of compensation is the straight salary basis under a system that fixes a maximum salary for each grade of work, when all that may be reasonably expected in service, HAS BEEN DELIVERED.

Periodic reports should be rendered by the Manager on the "rating" of the worker. Four grades have been found to cover the ground sufficiently for all practical purposes, viz., Excellent, Good, Fair or Poor.

Most employers have established a minimum salary for new appointees who have not had previous business experience, for example, the young man or woman who has been graduated from school and desires to enter business, where opportunity exists for advancement in salary and position.

A thorough knowledge on the part of the worker of his or her advantages if a satisfactory rating is maintained has its effect in stimulating interest and promoting efficiency.

There should be an annual review of salaries, preferably on the anniversary of appointment, with a view to granting an increase according to an established schedule. The "Excellent" clerk should receive more consideration than the "Good" while the "Fair" or "Poor" one should not, under ordinary circumstances, be increased until one of the higher ratings has been attained.

These increases in salary would continue from year to year until the maximum for the line of work has been reached.

Large institutions are enabled in many instances to transfer a clerk who has attained the highest salary payable for the duties performed, to a position carrying a higher maximum. As vacancies occur in such departments, consideration should be given to the moving of individuals who have gone as far as they can on present work and who may be qualified for an advanced grade.



A wholesome situation exists too, when employees know that promotions to special positions such as managerial or supervisory are invariably made from the ranks.

By the centralizing of reports and complete employees' data, opportunity exists for a review of all eligible candidates in order to pick for the higher position the one who has the first claim.

Length of service is a factor in the selection of one for promotion, provided everything else is satisfactory. ABILITY is of first and paramount importance and should not give way to length of service.

The foregoing references to ratings, salary maximums, increases, transfers and promotions, are included in this article to bring out the point that incentive must be furnished.

Supervision is obviously aided when the conditions of employment are such that the workers recognize fairness in every effort put forth to hold them up to standards of production which have been set.

The importance of supervision in the interest of both employer and employee is strongly emphasized. Good employees are frequently negligent of their own best interests and need the encouraging prod of the manager and his kindly reminders of requirements and the rewards for meeting them.

Supervision should demonstrate its value to the employer in terms of production and contentment of workers.

WILLIAM W. VAN NALTS, *Assistant Secretary,*  
*The Prudential Insurance Company of America.*

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## Personality—A Business Asset and a Liability

From time immemorial the purveyor of wares and services has known that the manner of displaying his goods to the public is an all-important factor in his success. Trickery and cunning have given way to a pleasant, straightforward, winning attitude to which we have applied the term—personality. Such expressions as "salesmen are born, not made," "he gets by on his personality," "salesmen with personality wanted—experience not necessary," attest the deep-seated confidence of the public in a birthright which makes the owner successful. The careful observer in his daily rounds in the marts of industry and trade notes the technically trained man who has been demoted from his administrative position because of his inability to "get things done." A hasty analysis of this situation often reveals lack of forcefulness, self-confidence or ability to get on with people. A contrasting picture is that of the successful executive with comparatively little experience who does little himself but who is able to select able lieutenants and then see that they get results. Such observations have brought forth a wide range of comments—

"bluff counts for more than brains," "why try for academic honors in college when it is the popular man about the campus who gets the plums in business," and a revival of the old one, "only pull counts."

Out of this mass of argument and speculation, two facts are worthy of consideration.

1. That personality must accompany ability (brains, intelligence, technical knowledge or whatever one may call it). Of two people equally gifted as to intelligence, the one with the better personality will be the more successful in business situations involving the handling of people.

2. That personality may be analyzed into simpler traits which can be evaluated. By means of rating scales, a picture of the strong traits and weaknesses may be set forth. While such analyses and evaluations are by no means conclusive nor exhaustive, they provide points of attack for improvement. Dr. W. W. Charters and those employing his methods have demonstrated the fact that it is possible to improve such traits as self-confidence and ability to remember names. Therein lies the opportunity of training departments and executives and the golden opportunity for some whose personalities have held them back. Such training methods are not a panacea and not all cases respond to treatment. To the executive who will study the subject they offer a fertile field for improving his organization.

But there is at least one negative phase of this question which should be mentioned briefly. I know of two industrial executives of practically equal ability, both of whom have outstanding personalities. They had advanced about equally in the organization until the last promotion made one the superior of the other. They do not get along and their difficulties are a source of trouble to the organization. The one excuses his own short-comings on the grounds of the "impossibleness" of the other. It is a clash of personalities. Each is unable to keep his *personal* feelings in the back-ground when dealing with the other. Distrust, suspicion and disloyalty result, overshadowing the good effect of personality traits and turning assets into liabilities.

A situation demands that A persuade B to take a given line of action. A does not like B, bungles the job and excuses himself by saying that it is impossible to get B to listen to reason. What A overlooks is the fact that B is *part of the situation* and it is because there are B's in the world that men like A occupy executive positions.

To state that most people believe that they are good judges of human nature is to voice an old bromide. Such a judge, however, can make his study more interesting and profitable if he will intensify his efforts along the lines discussed.

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*University of Pittsburgh.*

## THE MANAGEMENT INDEX

### Abstracts and News Items

#### GENERAL MANAGEMENT

##### Every Machine 95 Per Cent Busy Every Month

The president of the Palmolive Company tells how they co-ordinated sales, production and purchasing on one thousand items. The production manager correlates the sales estimates with the manufacturing program. The factories here and abroad are operated on a monthly budget issued 45 days previous to the month it covers. After production quotas are obtained, the manufacturing schedule is planned so that 95 per cent of the machinery will be kept busy. Even though some of the products do not sell evenly throughout the year, the production curve is almost a flat line. As a result, there is an absolute regularity of employment. There is also a plan by which factory workers have opportunity for regular promotion. Workers participate in stock ownership and insurance plans. The budget gives the executives of the business a grasp of the company's affairs and enables them to keep all the elements pulling together. By Charles S. Pearce. *Factory*, November, 1925, p. 716:4.

##### Driving With the Brakes On

It is a sad fact that while many an engineer or department head is doing his best, some official "higher up" is selfishly obstructing his good work. With one hand management offers a salary reward for conscientious brain work and with the other

hand throttles through a mistaken policy the initiative that it really wants. In these cases the department head should not become discouraged, but should sell his good work to and through the obstructionist up to the very top of the organization. The wise executive will make a personal audit to find out if any murderers of initiative are being harbored within the organization. Ed. *Industrial Power*, November, 1925, p. 44:2.

##### American Corporations and Executives

The subject considered is business as conducted in the United States under corporate organization of to-day. The course of business development which has grown from the personally owned concern of the last century has led to these questions, which have been made the basis of a questionnaire: Is the change from the individual to the corporation one of form or of substance? So far as it is one of substance, are its consequences the same for large business as for small? Are the essential characteristics of corporate organization and management to be found in the corporations of small and moderate size as well as in the large ones? Are the executives themselves commonly large stockholders? Are the driving motives the same for the executives as for the individual proprietors of older days? Is the analysis of business profits in need of revision? Are corporate enterprises built up

in the same way as the individual enterprises of old? Do the expenditures for management salaries tend to become higher or lower per unit of product as the corporation becomes larger? Are the wages of management stable or irregular?

The questionnaire used is shown in facsimile. The inquiry was confined to manufacturing concerns producing staple goods under free competition, and cases of monopoly were excluded. By F. W. Tausig and W. S. Barker. *The Quarterly Journal of Economics*, November, 1925, p. 1:51.

#### **A Practical Accounting System for Labor Costs**

The method of controlling the labor budget of a paper mill, illustrated by several forms showing: the foreman's daily labor distribution sheets, for regular time and one for overtime; the payroll record, made up from data on the daily labor distribution sheet, and the payroll analysis distinguishing between direct and indirect labor. The latter is valuable for determining accurate departmental rates and burden distribution. The payroll record has a column for recording female labor. This makes readily available statistics requested by the state and federal departments. By Herman M. Grasselt. *Industrial Management*, November, 1925, p. 284:4.

#### **Certain Limitations in the Application of Scientific Management**

An analysis of the manufacturing processes of the Walker Piano Company indicates that scientific management might be successfully applied to the control of inventories and to the unskilled operations. On account of the high quality of the product, however, the application of this system to skilled work is limited. One of the chief difficulties of the company is the maintenance of a force of highly skilled and loyal workers. No written instructions from the office are given to the workmen, the best method of doing each

operation being left to the judgment of the individual workman. *Harvard Business Review*, October, 1925, p. 106:5.

#### **Measuring Sticks in Industry**

The greatest single contribution of the present in the field of business management is the development of standards and measures of operating efficiency. The trend of the present time is to secure statistical and accounting data as a supplement to the background of experience. Operating results can be judged accurately only when compared with definite standards of performance.

The accountant's report to a client has real value in it if it calls attention to the standards or averages which others in the same line are securing and sets forth a comparison with the client's own performance. By R. B. K. N. A. C. A. *Bulletin*, October 15, 1925.

#### **Some Aspects of Public Utility Regulation**

The public utility business, under regulation and control by the state, is a compromise between public and private business. History shows that regulation has come about as a result of unfair competition. It also shows that monopoly, even through state regulation, results in lack of initiative and not the most economical management. To find a counter irritant for monopoly and to prevent the drift towards public ownership through overcapitalization would seem to be the forward looking job of regulation. By Theodore H. Dillon. *Harvard Business Review*, October, 1925, p. 32:7.

#### **Building the Steady Job**

To-day forward-looking management does not talk about the building of public works and other outworn general panaceas as remedies of unemployment, but the plans are concerned with such things as lengthening the buying season, developing new uses for the products made, searching out new markets having different seasons, add-

ing side lines, simplification of the regular line by elimination of unnecessary changes, conducting sales policies and production requirements by means of a master plan and budget, and by manufacturing for stock in off-seasons in the realization that a demand has been created.

Such a policy will do more than build extra profits for the manufacturer; it will build a permanent national prosperity. By Roy Dickinson. *Printers' Ink*, November 12, 1925, p. 73:4½.

### Policy and Policy Making

There must be policies, those in control of a business cannot escape the responsibility for framing policies; policies must be precise and definite, simple and direct, complete and constant; policies must precede action and cover every activity, and their proper application is dependent also upon the form in which they are stated and the means adopted to impress them upon those who are charged with their application.

A policy to be effectual must be founded on fact. Analysis has been preached in recent years as an essential instrument of management; perhaps we have failed sufficiently to emphasize that it is the indispensable means and vital preliminary to that supreme act of business management—the determination of sound business policies.

By Oliver Sheldon. *Harvard Business Review*, October, 1925, p. 1:6.

### What Is a Leader?

Qualifications of a successful leader, and present-day possibilities of industrial leadership. By E. Standfuss. *Industrial Management*, November, 1925, p. 287:2.

### Audit of Process

The process of organized human activity is based on relative measurements or balances of simple fundamentals.

First, the organization in its lines of authority must match the grouping of the natural interest involved; these interests must be weighed and controlled to converge to the line of the main business aim. Then the organization is in balance with its business problem.

Next, the length and frequency of the process path are balanced in actual distance traveled and actual time consumed through turnover and specialization.

Then the balance of static and dynamic elements allows a broad basis on which to judge organization, path of process, uniform load and construction.

Finally, in the audit, the value of process is measured by the proportion of intact status to the extent of development being accomplished. By Folkert Allen Schmidt. *Bulletin of the Taylor Society*, October, 1925, p. 658:8.

## FINANCIAL MANAGEMENT

### The Use of Financial Ratios

A financial ratio may be defined as that figure which expresses the relationship between two or more items appearing on the balance sheet or operating statement. A discriminating use would seem likely to prove of considerable value in checking and in supplementing estimates of a company's condition secured from other sources. It is also possible to make comparisons between several firms, or with an average

for a group of companies engaged in the same line of business. *Harvard Business Review*, October, 1925, p. 79:15.

### Investing Money

Investment policies such as broad-scale buying of the obligations and shares of sound companies during periods of depression and selling during periods of prosperity, diversification of holdings as to industries and localities and the avoidance



of attempts to secure greater than an average yield when security of principal should be the primary consideration are widely known and employed. Probably many investors adhere to these and other policies without understanding exactly why, except that they know that people of wide experience have found it to their advantage to do so. Investigation would show that they owe their existence to systematic study of investment problems by experts, who have discovered certain laws and truths and stated what policies should be followed in order to take advantage of them.

The purpose of this article is to demonstrate that the investment of money in its strictest sense is a science, but in a larger sense it is an art. It has been found possible to compile a list of rules to which an amateur investor can adhere and purchase securities which will give him a fair return and reasonable assurance that his capital will not depreciate. Efforts have been made to set down methods which will enable a person without wide financial experience to so handle his funds as to result in their growing larger, year by year. With all due respect to some very able and valuable books and articles which have resulted from such efforts, their use does not result in any important change in the results obtained by the average investor. There are no systematic rules and regulations to which an amateur can adhere and obtain the same results as those achieved by the expert from his knowledge and skill acquired by years of experience and study. The handling of investment or speculative funds in such a way that over a period of time the amount involved will grow steadily larger is an art. It is not a science.

The successful investor understands that the acquisition of a group of securities in a haphazard manner, purchasing whatever looks attractive at the moment, generally works out badly. And he knows better than to attempt something for which he is not fitted. If he has neither the time nor the ability to determine the risk involved

and the possibilities of profit in various securities, he limits himself to risks which are more easily determined and does not attempt to place himself in a position to make large profits. If all investors had a similar understanding, there would be a large reduction in the amount of money annually lost by people attempting to find a profitable use for their surplus funds. By Charles F. Bartholomew. *Barron's*, Oct. 26, 1925, p. 12:1.

### Production Budgeting

Production budgeting involves estimating and scheduling manufacturing costs and recognition of the inter-dependence of functional departments. Co-operation with the other executives is a vital necessity. The budget includes total volume scheduled according to months, control devices, and means of enforcing and modifying the plan. The responsibility then rests mainly on the production, stock records, and accounting departments. Manufacturing costs include materials, direct labor, and controllable and uncontrollable indirect expense. By budgeting production the anticipated costs of the product can be found. This shows the value of the proposed program. By J. L. Palmer. *N. A. C. A. Bulletin*, Oct. 15, 1925, p. 98:6.

### The Relation of Costs to Executive Control

In the present article in this series the question of administrative costs is dealt with. The means by which they can be best controlled are thus briefly summarized: 1. By a proper budget system with adequate monthly reports. 2. By proper organization and simplicity of system and methods. 3. By high-class, adequately paid employees working under pleasant conditions. 4. By use of modern office appliances. By William Carswell and R. L. Wright. *Industrial Canada*, November, 1925, p. 54:2½.

## OFFICE MANAGEMENT

### Space: *Location, Equipment, Arrangement*

#### Selecting the Office Location

Factors to be considered in choosing a location are the customers, the personnel and operations. In the matter of personnel the convenience to employees in going to and from work should be investigated, also the matter of nearby restaurants and nearby stores. If a building is to be erected, the interior should be laid out before the exterior is designed. In renting, the character of other tenants is important. Nearness to competitors is sometimes to be desired, and in other cases to be avoided. By Warren D. Bruner. *The Office Manager*, November, 1925, p. 339:2.

#### Shutting Out Distractions in the Working Space

The various distractions are classified as those due to conditions of the work, and

those arising in the mind or body of the individual. The modern building is made of materials which are greater transmitters of sound than those formerly used. Therefore, protection against outside noises must definitely be planned for by the inclusion of some insulating material in the walls at the time they are erected. The surest preventive of noise is to catch it at the source.

There are conditions existing solely in the minds of the employees which may be as harmful in their effect upon their work as physical distractions, many of these can be avoided by the adoption of certain policies having a distinct bearing upon the layout of the building, such as the provision of a library, a recreation room and similar facilities. By Warren D. Bruner. *The Bankers' Monthly*, October, 1925, p. 56:2½.

### Organization: *Job Analysis, Employment, Pay, Tests*

#### The Young Person's Choice of Work and Why

A study made by the Vocational Guidance and Employment Service for Juniors reveals that except in rare cases the choice of the child is some occupation other than the work of the father. This study considered 500 girls and 500 boys in the seventh and eighth grades in two New York City schools. These children are fairly representative of a group whose parents are very ambitious for them.

On the other hand, a study which was made recently in Cincinnati of a much larger and more representative group of children brings out the fact that the choice of work of the child follows closely the occupation of the father. The question arises, in placing the young person in industry, how much consideration should be given to his own interests and desires, since it is by no means certain that inclination coincides with ability. The important

thing in placement work is to distinguish between real inclination and superficial ambition. If industry is not to have square pegs in round holes, and if boys and girls are to be placed in the jobs they are best fitted to do, too much effort cannot be spent on the scientific placement of juveniles. *The Industrial Bulletin*, October, 1925, p. 25:1½.

#### What Mental Tests Can Do For Industry

The business man is accustomed to taking chances—the mental test indicates how much of a chance there is that the applicant under consideration will make good. A test once installed cannot be expected to go on working indefinitely without further attention. General intelligence tests which tell the approximate mental level of the applicant will eliminate many a worker unfitted for the task in question. Aptitude and trade tests have also been used with

marked success. They should be developed and adapted only after a long study of the jobs involved. Test scores have meaning primarily as averages. When we predict that an individual has seven chances out of ten of making good, this means that only in hiring a number of persons who have that chance of success the majority of them will succeed. By Lorine Pruette. *Industrial Management*, November, 1925, p. 270:2.

#### A Grading System for the Executive Department

The advantages of fixing the definite status of every official are shown, illustrated by a table. Under Grade A are listed the Progress Manager, Production Manager, Technical Manager, Works Engineer, Accountant and Commercial Manager. Under these are the grade B officials comprising the heads of the various departments. The next rating covers the grade C officials, which comprises assistant and section foremen and the section leaders of the various technical and adminis-

trative departments. No distinctions are made between the works and offices, all heads of departments being on the same footing. By W. J. Hiscox. *Business Organization and Management*, November, 1925, p. 82:2½.

#### Taking the Guesswork Out of Wages

A periodical check on individual efficiency provides a scientific and fair salary basis at the Union Central Life Insurance Company. Every employee is rated twice a year for efficiency. All wage adjustments are made yearly on the anniversary of the entrance of the employee into the service of the company. The personnel director has a fixed wage scale for every classification of work. In making wage adjustments there is never any downward revision. The effect of this plan is reflected in the attitude of each worker to his job, knowing that advancement rests with the individual. By Russell Raymond Voorhees. *The Office Manager*, November, 1925, p. 347:2.

### Training and Education: Schools, Libraries, Employee Publications

#### Editing a Personnel Publication

Qualifications of the ideal house organ editor, and suggestions as to his position in the company. The editor must know intimately his public and the policies and phases of the business. He must be a good mixer. He must have literary ability, a knowledge of printing and engraving, and be a salesman and diplomat. A rule of primary importance for every publication is to be accurate in all reports and especially with names, dates and places. Each employee organization should be represented on the editorial staff. By W. R. R. Winans. *The Office Manager*, November, 1925, p. 355:3.

#### Personnel Management

The whole art of personnel management is to secure the best workers and so deal with them that they give of their best to their employers. In subsequent articles,

writers actually engaged in this work will explain their principles, methods and conclusions; in this article some of the underlying principles and chief difficulties are set out. The "family spirit" should be the aim. *Industrial Welfare*, October, 1925, p. 336:2½.

#### Workers Read More

To stimulate the circulation of business books among employees, a firm possessing a circulating library had a number of cards printed with the statement: "I have found this book very interesting and helpful and recommend it to others." Below this statement was a space for a signature. One of these cards was enclosed with each book called for by an employee. They were later collected and posted on a bulletin board, with the result that the demands on the library were increased. By C. T. Hubbard. *System*, November, 1925.

## Benefit Systems and Incentives: *Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership*

### Pension and Superannuation Funds

Representatives from the management and the staff should form a committee to work out the details of the plan. Definite decisions should be made as to who is entitled to benefit by the plan. Pensions may be based on salary and length of service or on the "money purchase" system. The "salary service" system is more flexible, and preferred by the writer. The most general plans are to base the pension on the final salary previous to retirement, on the average salary throughout service, and on the salary for the last five or seven

years previous to retirement. By Bernard Robertson. *Industrial Welfare*, October, 1925, p. 343:2.

### The "Vested Interest"

Employees and customers of power and light companies bought close to 25 per cent of the total securities marketed by these companies during the first six months of this year. They purchased, in all, 1,929,000 shares, of the value of \$185,130,000, or 23.6 per cent of the total value of \$783,073,000 of the securities offered. *Industry*, Oct. 17, 1925.

## Records: *Forms, Charts, Cards, Files, Statistics*

### The Central Filing Department

A description of the effective operation of a central filing department in all its details, even to the "pulling of the previous" correspondence, if any, to be attached to an incoming letter. Provision for filing space should be pre-planned. In organizing a central filing department the department having the heaviest correspondence should be made the basis of the plan, others being added when the first is functioning. No indexing equipment should be bought until the scheme is complete, as such equipment should be provided for a period of years. A following article will discuss methods of indexing in greater detail. By G. L. Harris. *The Office Manager*, November, 1925, p. 341:3.

quired to make changes must be reduced to a minimum; the individual card files must be inexpensive and consume small desk space.

It was found that the smallest possible card to accommodate all the required information measured  $2\frac{1}{4}$  inches by 3 inches. The cards are filed in a straight alphabetical manner and the files are fitted in the top drawer of the stenographers' desks. Complete control of all files is maintained at a central point, and all changes are initiated from this control desk. Details are added as to the making of these changes, with illustrations of the master card and gang sheet.

The plan has been in operation over a year and has proven highly satisfactory; errors have been eliminated almost entirely. By F. L. Rowland. *The Office Economist*, October, 1925, p. 5:2 $\frac{1}{2}$ .

### The Control of Duplicate Card Files

In a certain office about thirty-five clerks had occasion to refer for information several times a day to card files, seven of which were maintained. It was found that numerous and costly errors were being made, and an analysis brought out the following points: Thirty-five duplicate files were needed; the system should be such as to reduce the possibility of error to a minimum, and to enable changes and corrections to be made promptly; the time re-

### A New Form of Shorthand

A new form of abbreviated writing known as Speedwriting is attracting much attention. This is simply word contraction reduced to a science. It is possible to write from 85 to 100 words a minute, after 30 to 40 hours' study and practice, and moreover, the notes can be read without difficulty.

The new system has already been recognized by some of the leading educational institutions in the country, including New

York University, and by the United States Government. *The Office Economist*, October, 1925, p. 13:½.

## PRODUCTION MANAGEMENT

### Plant: Location, Lighting, Heating, Ventilation.

#### How Good Lighting Benefits the Shop

A statement of immediate practical effects which can be gained by good lighting and a presentation of data whereby the plant manager can measure the relative effectiveness of his factory illumination; illustrated by charts. By A. G. Anderson. *Management in Manufacturing*, November, 1925, p. 277:4.

#### The Earning Power of Good Lighting

Basic factory operations were conducted in the Lighting Research Laboratory at Nela Park and the results under varying conditions of light carefully compared, indicating that the more light the more speed, and the less errors. By Percy W. Cobb and Frank K. Moss. *Factory*, November, 1925, p. 756:1.

### Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

#### The New Craftsmanship

The guilds of the Middle Ages had a high place in the esteem of the public because the chief reason for their existence was the fact that they guarded the interest of the final buyer. Again labor is taking that place by agreeing on greater personal responsibility for co-operation with management for production and quality under terms protective to the consumer. A fair day's wage for a fair day's work was the original objective of the American Federation of Labor. Now they enter upon "constructive duties and responsibilities" in the true craft spirit.

Organized labor faces the opportunity of that new craftsmanship which will win the co-operation of far-sighted management and the whole-hearted approval of the purchasing public. By Roy Dickinson. *Printers' Ink*, Nov. 5, 1925, p. 89:4.

#### Sterling Par—And Our Business

The return of Great Britain to the gold standard will have these great advantages on American business: stabilization of sterling and other foreign moneys in exchange for the dollar; increased purchasing

power and larger buying power for American goods abroad; stabilization of commerce throughout Europe, bringing about an increase in commerce among European countries; larger demand for American raw materials abroad—this as a result of increased production in Europe; the demand for more of America's expensive gold—which now is earning us nothing; a tendency toward equalization of world prices; and reduced speculation in foreign exchanges. By Ivan Wright. *Business*, November, 1925, p. 7:3½.

#### What Effect—If Any—Will Foreign Debt Repayments Have On the Domestic Sales Situation?

"The probability of any enormous market dislocation through the dumping process appears to me to be very remote, and from the standpoint of the individual manufacturer, interested in a single line, it is practically negligible," says George E. Roberts, Vice-President, the National City Bank, New York City, in discussing the effect of foreign debt repayments on the future sales situation.

"Indeed, I am inclined to think that in



the great majority of cases, the normal increase in the demand will more than take care of any actual increase in our importations by reason of our foreign debt-collection policy," he says further. "Twenty years from now the chances are that Europe will be owing us quite as much as she owes us now—only it will be in the form of loans of industrial capital in place of war loans." By Roy W. Johnson. *Sales Management*, Oct. 31, 1925, p. 569:3.

#### Work of the International Association of Industrial Accident Boards and Commissions

This article gives the history of the compensation system from its beginning as well as that of the association, its work and aims. These include reduction of accident frequency, standardization of medical treatment, industrial rehabilitation, standardization of computing costs and of administering compensation laws, improvement of legislation, standardization of statistics, and other problems. Lastly it reaffirms recommendations which when crystallized into law will go far in developing understanding and good-will between employer and employee. By O. F. McShane, *Monthly Labor Review*, October, 1925, p. 687:7.

#### Unemployment As a Result of Over-Development in Industry

The greatest source of unemployment in this country is the overdevelopment of industry. If run full time  $14\frac{1}{2}$  per cent of the shoe factories would produce all the boots and shoes needed. In the same way 28 per cent of the flour mills employ 42 per cent of all the mill hands and produce 62.1 per cent of all the flour in this coun-

try. In the bituminous coal mines of Illinois 24.9 per cent of the mines employing 51.5 per cent of the mine employees of the state in 1924 could have produced 7,000,000 tons more than all the shipping mines did produce, if they had been operated 300 days in that year. As it is none of these industries give full time employment or a decent living to the employees.

Two remedies might be applied; the companies in an industry might be forced to merge in order to cut expenses, and required to run 300 days a year or not at all. At the same time price control would be necessary. There are too many available employees. This leads to a discussion of more selective immigration. By James J. Davis. *Monthly Labor Review*, October, 1925, p. 8:5.

#### Coal Mining and the Business Cycle

The price and production of bituminous coal are sensitive indexes of change in general industrial conditions. The occasional shutting down of a large number of mines on account of labor difficulties contributes to the instability of the price curve. The high-cost mines feel the stimulus of a period of rising prices later than do low-cost mines, and they are among the first to feel the pinch as prices decline. Low-cost mines, on the other hand, prove profitable in periods of rising or high prices, and are able to continue their operations during a declining market. The article is illustrated by charts and tables applying these principles to the Island Creek Coal Company, a low-cost producer of bituminous coal upon a large scale. By William L. Crum and Homer B. Vanderblue. *Harvard Business Review*, October, 1925, p. 71:6½.

#### Training and Education: Schools, Libraries, Apprenticeship, Employees Publications, Bulletin Boards

##### School Days

The Dennison Manufacturing Company's method of training workers for various trades. The progress of the learners is carefully watched, so that if a girl is not

suited to the work her records quickly show it. Apprentice courses have been worked out for wood engravers, compositors and Meisel press printers, with experienced men at their respective trades

picked and trained as instructors. Girls are taught hand box-making, machine box-making, case lining, leather case covering, gummed label cutting. Apprentices are paid while learning and their wages increased as fast as their progress warrants. Vacancies in the classes are posted on the bulletin boards and are open to present employees or any of their friends who care to apply. *Round Robin*, October, 1925, p. 3:3.

#### **An Industrial Educational Program**

The National Industrial Conference Board Service Letter says that a certain company which employs about seven thousand people, provides for stimulation of interest and assistance in educational advancement through a group of employees known as an "Educational Committee." The purpose of this committee is to aid employees in availing themselves of the advantages open in the community for the advancement of technical knowledge, to encourage foreign born employees to better their knowledge of English and civics, and to co-operate with existing health agencies. Further stimulation is offered through the company refunding the tuition of all employees satisfactorily completing a course of study in a nearby textile school.

Public school teachers are called to the plant to hold noon-hour classes in English and Americanization.

Classes in home hygiene are held in the company hospital, and certificates are issued to those completing the course. *Industry*, Nov. 14, 1925.

#### **Means of Carrying Education to Adult Workers**

There are three interesting plans for adult education at present: through public libraries, traveling teachers, and labor Chautauquas. The public libraries have not only furnished rooms and books, but have even gone to the union halls with books and suggested lists of reading. The union leaders co-operate and take advantage of these opportunities.

Itinerant tutors and lecturers are sent

out to the isolated communities by unions to conduct classes and lectures on English composition, history, economics, and public speaking.

The students of these classes in Hastings, Pennsylvania, undertook a labor Chautauqua. They secured local talent for the entertainment and speakers of national repute for real help in their own problems. This put new activity and interest in the union work, and is expected to be the most popular and valuable agency of mass education. By American Federation of Teachers. *Monthly Labor Review*, October, 1925, p. 855:2.

#### **Training Key-Men in Industry**

This report covers the following phases of the subject: Kinds of foreman training; Requirements of a good training course; What to teach the foremen; Methods of training foremen; Cost of foreman training; How to set up foreman training; What various large individual plans have done. Report No. 75. *Policyholders' Service Bureau, Metropolitan Life Insurance Company*, 15 pages.

#### **The Foreman—Slave or Master of His Job**

He is master of his job only as he learns to evaluate his duties and responsibilities, which are here enumerated, and to spend time on each responsibility in proportion to its worth. A good plan is for the leader to get one foreman from each department to classify his tasks in the order of their importance and in order of time spent on them, and then draw up a composite chart of the listings. The leader sometimes introduces a list, the men checking those points with which they are concerned. By J. K. Novins. *The Dodge Idea*, October, 1925, p. 11:2.

#### **Labor Summer School Succeeds in Europe**

The summer schools conducted this year by the International Federation of Trade Unions were even more successful than their predecessors. The first summer

school was held in the Brunnsvig People's College, near Stockholm; the second in Prague. There were excursions to big industrial establishments, giving the visitors first-hand knowledge of Swedish industrial life. Special attention was given to industry in Czechoslovakia and the condition of the labor movement, which plays a big role in national life there. *The New York Times*, Nov. 1, 1925.

#### Training Ahead or Trailing Behind?

In Milwaukee the metal trades have an arrangement whereby the smaller plants are allied with the larger ones for the purpose of giving training. Apprentices are graduated from three and four year courses. These courses are sufficiently varied to attract all types of young men, from those with grade school education to those who have completed professional engineering training, and are under the supervision of a district supervisor of apprenticeship employed by the local metal trades association. Similar co-operative plans have been adopted by other industries in various cities, with success. *Executives' Service Bulletin*, October, 1925.

#### New Squad Group

The Flying Squadron of the Goodyear Tire and Rubber Company has a three-year course of training as follows:

1. Training on practically all the operations in both plants.
2. School work, three hours each week, including such subjects as rubber manufacturing, salesmanship, effective speaking, business law, organization and management, and debating.
3. Physical development, two hours weekly.

Applicants should weigh at least 145 pounds, have a good elementary education or better, and be in good physical condition. *The Wingfoot Clan*, Nov. 4, 1925.

#### Details Assigned

Training men to relieve their executives of details helped the Sangamo Electric Company to grow from two men to 1,000.

In addition to teaching each operator his or her particular task, workers are encouraged to observe the work of others so that they may become more valuable to the company as well as to themselves. To teach and lead brings development and growth to executives and co-workers alike. By R. C. Bennett. *Management*, November, 1925, p. 48:2.

#### Relation of Engineering Education to Industry

Mainly an account of the requirements for engineering education in connection with the General Electric Company. The colleges and technical schools are not expected to turn out finished engineers, but they are looked to for a steadily increasing supply of young men who have been well trained in the fundamental theories of the sciences, economics, and the cultural studies. With this ground work the large industries are in a favorable position to offer exceptional opportunities to young men for gaining practical knowledge and experience along special lines.

The General Electric Company in a normal year take in over four hundred graduates of colleges and technical schools, a great majority of whom are either electrical or mechanical engineering graduates who enter the Test Courses at each of the principal works. About half of these young men enter into permanent employment with this company. By F. C. Pratt. *The Journal of Engineering Education*, October, 1925, p. 134:9.

#### The New Employee

The new employee is a very important person because he comes in such large groups and because he is much more susceptible to accidents than the older employee. In large numbers it is in fact impossible to protect him from industrial accidents and it is therefore necessary to reduce the turnover of labor to a point where new employees may be assimilated slowly. In the last analysis it is the foreman upon whom falls the responsibility of training the new man. By H. G. Kelley. *The Seater*, November, 1925, p. 6:2.

## Benefit Systems and Incentives: *Group Insurance, Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership*

### Trade Union Investment Funds in Belgium, France, Germany, and Spain

One of the most delicate problems connected with the industrial organization is unquestionably the participation of the wage earners in the ownership and management of industrial undertakings. An attempt has sometimes been made to solve it by what has been called "labor shareholding"; this has taken different forms in various countries but generally involves great difficulties and has met with considerable opposition.

Another solution on similar lines, but not to be confused with "labor shareholding," was being worked out more or less at the same time, namely, the trade union investment fund. From this fund shares are bought in the company and thus representatives of the union are members of the Board of Directors. In this way the union gets the inside information from the directors and the directors get the view point of the employees. The four "C's" of the movement are: crusade, control, co-ownership, and co-management. Progress has been slow but it is one method of evolution which may lead to fair play and co-operation. By Max Turmann. *International Labor Review*, September, 1925, p. 372:14.

### Labor Policies That Plan for Tomorrow

These policies include brief mention of the G. E. employee conference plan at Lynn, and other projects such as: employees' homes, dining rooms, clubs and other community benefits at the Westinghouse Air Brake Company at Wilmerding, Pa.; similar projects at the Studebaker Corporation at South Bend; the Lancaster Mills kindergarten and day nursery at Clinton, Mass.; the co-operative dairy owned by the Pacific Mills, Columbia, S. C.; employees' homes erected by the Mergenthaler Linotype Company in Brook-

lyn, N. Y. Views are shown of: the hygiene department of the National Cash Register Company; houses built by the Bristol Brass Company; the grocery department of the company store of the Packard Motor Car Company. By Russell J. Waldo. *Industry Illustrated*, November, 1925, p. 49:2.

### Group Premium for an Automatic Screw Machine Department

The advantages of the group premium will be readily grasped. In setting up such a premium, a careful analysis of conditions must be made to determine how many machines an operator can set up and operate with the minimum of idle machine time. Standard times should be set after studies have been made. A group premium formula is given. Individuals share in the group premium according to hours worked. By L. J. Houlihan. *Management in Manufacturing*, November, 1925, p. 281:4.

### Selling Stock to Employees in England

The Southern Railway of England is offering to its employees an opportunity to purchase a new issue of debenture shares under the same conditions as it is offered to other stockholders of the company, that is, at a price slightly under par. An interesting feature is that the leaders of the National Union of Railwaymen have welcomed the offer. *Railway Age*, Nov. 7, 1925, p. 834.

### Factors of Industrial Housing

A floating population of workers has been largely eliminated where housing conditions have improved. Surrounding the plant with attractive homes has been done in several ways, by investing the company's capital; by combining with other companies to raise the necessary fund to finance the building of homes; by forming separate organizations to conduct the building



operations and manage the project. Prices for lots and houses are given as compared with earnings of workers. The experience of a large number of firms is given with regard to financing, improving land, construction costs, details of community improvements (such as clubs, recreation fields, etc.), and layouts. Several developments are described. By Russell J. Waldo. *Management in Manufacturing*, November, 1925, p. 251:4.

#### Long-Service Awards Distribution

In 1924 nearly two hundred watches were distributed to employees of Lever Brothers, Limited, who had completed fifteen years' service, and about one hundred gold badges to twenty-five year employees, who had received their watches ten years before. In addition to these, there were the same number of watches handed to employees of R. S. Hudson, Limited, an associated company. *Port Sunlight News*, Oct. 21, 1925.

#### Employees' Stock Plan

The Standard Oil Company of New Jersey contemplates numerous changes in the plan under which employees of the company get the opportunity to subscribe to the capital stock of the company under the bonus and partial payment system.

The new plan provides that the employees' subscriptions will be limited to 10

per cent of the annual salary or wage, instead of 20 per cent under the existing plan. It also states that directors cannot participate in the new plan, which runs for three years, instead of five years.

The outstanding change in the new plan provides that participating employees must retain ownership of at least two-thirds of the stock purchased under the original plan, and failure to live up to this provision makes the employee ineligible for the benefits of the plan. The company will continue to subscribe 50 cents for each \$1 paid in by the employee. *The New York Times*, Oct. 23, 1925.

#### Group Life Insurance

A group life insurance program covering 70,000 employees and totaling \$170,000,000 has been announced by the General Electric Company. Under this plan the employees will be insured for amounts based on individual earnings and length of service, the cost to be borne by the company. The plan also provides that employees have the privilege of securing at their own expense additional insurance above that provided by the company. Free nursing service will be provided and payments made of monthly instalments to employees who become permanently disabled by accident or disease before the age of 60. *Industrial News Survey*, Nov. 9, 1925.

#### Labor Relations: *Collective Bargaining, Employee Representation, Arbitration.*

#### Structural Features of Shop-Committee Plans

Disregarding exceptional and minor purposes, the aims of employee representation are to bring grievances to the attention of company officials, to advise regarding, and perhaps administer, welfare and service activities, to educate workmen in matters of mutual interest, and to negotiate wages and general working rules. The structural features of shop committees affect the success of employee representation. The article goes into detail on methods of group-

ing employees for representation, size and make-up of committees, ratio of representation, relations and functions of representative bodies. By John W. Riegel. *Harvard Business Review*, October, 1925, p. 17:14.

#### Labor Conditions in Relation to the Industrial Situation in Great Britain

The difficulty in England centers around the inability of manufacturing establishments to sell sufficient goods in foreign markets, together with the fact that some



English industries have been crippled in the English markets by foreign goods. It is to be noted in connection with this that there are very few plants in England which run as open or non-union. The closed shop is an enormous obstacle to the ability of

British production to fairly compete with foreign producers. One of the most important results of this policy is to increase the number of unemployed. By Noel Sargent. *The Economic World*, Nov. 7, 1925, p. 654:3.

### Shop Organization: *Planning, Methods, Job Analysis, Standardization, Waste*

#### Getting the Most Out of the Day

How can we use the first and best energies of the morning, or the hours of the day when we are at our maximum of efficiency, to get forward or advance results? A very good plan is to set aside at the close of the day's work at least one half hour for planning. At this time the details are fresh in mind, and we know where the affairs of the past hours have been incomplete or have needed attention. A note of all such details can be made, and if necessary, also, a regular schedule to follow. By Lester G. Herbert. *The Manufacturing Jeweler*, Oct. 29, 1925, p. 90:¾.

#### How Management Methods Are Installed

A description of what is done to remedy delayed work due to idle machines, and how a planning department may be developed, illustrated by a Gantt machine record chart, and an executive controlled chart. By Wallace Clark. *Brooklyn*, Nov. 14, 1925, p. 3:2.

#### Workers' Participation in Job Study

Progressive managers and engineers have come to realize that the manner in which job-study has been frequently employed thus far has been conducted undemocratically, and has sacrificed effectiveness because workers have not sufficiently participated in its subjective exercise. The worker has been deprived of both the opportunity and necessity for exercising his own wits.

The first necessary step consists of the establishment of a joint job-analysis committee thoroughly representative of everyone in a shop concerned with, or affected

by job study. Time-study is regarded as an indispensable adjunct. A distinction should be drawn between time-study for the scientific investigation of work and that to establish piece work and bonus rates. By Geoffrey C. Brown. *American Federationist*, November, 1925, p. 1029:9.

#### Machinery and the Displacement of Skill

The factors determining the extent of the displacement of skill consequent upon the introduction of machinery are these: 1. the rapidity of introduction of the machine; 2. the mobility of labor within the skilled trade affected; 3. the effect of the machine in reducing the price of the manufactured article and thus increasing demand; 4. the labor-displacing power of the machine; 5. the extent to which the skill of the handworker is useful in the machine process. Opinions of various writers as to the operation of some of these factors are examined. The chief modifying force in the past has been the trade unions of the handworkers. By George E. Barnett. *The Quarterly Journal of Economics*, November, 1925, p. 111:22½.

#### An Experiment in Repetitive Work

An experimental investigation into repetitive work was carried out to observe the different effects of repetitive work on workers of varying intelligence, to observe the effects upon operatives and out-put due to various rest pauses, and to compare the effects of time-rate and piece-rate remuneration. The more intelligent were most variable in output, the average were the steadiest and best, and the subnormal increased steadily in ability. No reliable con-

clusions could be drawn as to the rest pauses as the hours were short and the situation novel. The piece-rate basis increased output except in the case of subnormal intelligence. It had marked influence on the output of the more intelligent. By The Industrial Research Fatigue Board. *Industrial Welfare*, October, 1925, p. 345:2.

### Some Principles of Commodity Research

It is of the first importance to aim at accuracy and completeness. Unfortunately, most of the current statistical observations are the result of a superficial examination of facts that demand extended considera-

tion. Another element often ignored is the necessity for a sufficient range of experience. In business, an immense variety of forces and conditions frequently precludes the development of a strictly scientific judgment, in view of the inherent risk factor involved in most business transactions. In other words there is a human factor in business which defies analysis.

There must be a capacity for technical analysis on the part of the investigator himself. Only experience can develop methods of technical analysis that are really useful for the purpose. Crude analysis may result in serious errors of judgment. By Frederick L. Hoffman. *The Economic World*, Oct. 24, 1925, p. 580:1½.

## BUYING, RECEIVING, STORING, SHIPPING

### Thin Disguise For Price-Cutting Seen in Wholesale Buying Plan

The growing custom of permitting consumers to buy direct from wholesalers is assuming such proportions that many retail organizations are fighting it bitterly. Hundreds of concerns all over the country permit their employees to make use of the firm's buying power to buy all manner of articles for individual use. In Rochester this practice has grown to alarming proportions; and then to cap the climax, one firm boldly went out and solicited retail

business on a huge scale. How the plan worked is told in this article. By Franke R. Otte. *Sales Management*, October 3, 1925, p. 419:1.

### Centralized Buying

Economy and standardization are two direct results of the California Bank's control of its purchasing requirements. How this is accomplished is described here. By Wray Bertholf. *The Bankers' Equipment-Service Bulletin*, October, 1925, p. 5:1½.

## SALES MANAGEMENT

### Sales Policies and Anti-Trust Laws

This is the first of a series of articles to enlighten and thus protect the sales managers by revealing the ever-present menace of Federal interference in big and little business. Because a firm is too small to monopolize or dominate trade, or because the specific practices are not uncommon is no protection. Bringing sales policies into conformity with the law is the safe policy.

Many firms feel safe if they conform to the law as interpreted by the Supreme

Court. They may not be. Legal "Styles" change constantly, and the government keeps at the job. Any method of forcing maintenance of resale prices, as in the case of Colgate & Company, is likely to cause trouble. By Gilbert H. Montague. *Sales Management*, Oct. 17, 1925, p. 477:2¾.

### Setting a Pace for Salesmen

The sales manager of the Vonnegut Machinery Company describes how his company increased volume 150 per cent by establishing territorial quotas, and halved

selling costs at the same time. A card system was inaugurated through which each salesman is routed. A report of each call is recorded from data sent in by the salesmen. After this plan had been inaugurated it became apparent that territories were too large to be covered intensively. This was remedied by adding to the sales force. By G. T. Aitken. *Iron Age*, Oct. 22, 1925, p. 1108.

#### Liquid Carbonic Sales Organization

The general organization of the company, which sells \$8,000,000 of product annually, is the functional type. The domestic market is divided on a population basis into 125 territories—about a million per territory. The general sales manager controls all activities of the sales department. An assistant sales manager, special sales executives, and branch managers report to him. A sales information manual is handed to each salesman for which a charge of \$50 is placed against his account and cancelled when the manual is returned. By Willard J. Graham. *Management in Manufacturing*, November, 1925, p. 255:4.

#### Multiplying Ourselves

This article contains a variety of opinions, and Mr. Hunt's study of agency management, demonstrates clearly that, while there is a common goal for agency managers, there are a number of different avenues through which the goal is approached.

Perhaps in each individual case the layout is ideal for the end in view. On the other hand, perhaps it is not. None are recommended; some of the outstanding organization layouts are recorded as found in the study of the subject. By George L. Hunt. *Quarterly Review of Life Insurance and Business Conditions*, October, 1925, p. 9:4.

#### Why We Can Cut Prices, Raise the Quality and Maintain Profits

Many sales managers are being saddled with the responsibility of selling a product which is unable to meet competition because it is not made right. Reading this

article may point to possible savings in your own business, for it shows how one large manufacturer has extended his market through efficient factory administration.

Automobile prices have been reduced steadily since 1920 and are now at the lowest level ever known. The manufacturers have realized that their success depends on their ability to give the public maximum value at minimum cost, and they have consistently done so by reducing prices as often as conditions permitted, while at the same time improving their products. This is not merely altruism; it is good business practice. Had it not been for this, there would not be more than 17,000,000 automobiles in use today. By Harry M. Jewett. *Sales Management*, Oct. 17, 1925, p. 479:3.

#### Is Cost of Distribution Too High?

That the fields of marketing, distribution, and retailing give opportunity for further economies is unquestioned. Those economies will be won only slowly, after careful study and with improved administration. That there is any tremendous waste in distribution has been unproved and will remain so until there can be established standards of practice and cost; and until the interlocking relationship between manufacturing and marketing costs can be divorced and analyzed separately. By Paul M. Masur. *Harvard Business Review*, October, 1925, p. 7:10.

#### The Cost of Distribution

Distribution begins when the article made will perform its function. Distribution includes selling, packing, shipping, and servicing. Costs are divided into direct material, direct labor, and indirect expense. Indirect expense includes rent, light, heat, depreciation, taxes, interest, etc. Finally the distribution cost is divided down to the unit produced. The difference between this actual cost of distribution and the flat percentage basis so often used is sometimes as much as 10 or 15 per cent. By A. E. Grover. *N. A. C. A. Bulletin*, October 1, 1925, p. 69:13.

### A Daring Newspaper Campaign Against Substitution

The Tide Water Oil Sales Corporation had found that its business was suffering 45 per cent substitution in New York City. It has devised a scheme of sealing its tanks against bootleg gasoline, in order to protect itself and its customers. If the dealer refuses to co-operate or the seals are broken, the company takes the tanks away from him. By John Allen Murphy. *Printers' Ink*, Oct. 22, 1925, p. 17:4.

### Is the Captain Aboard the Ship?

Leadership is the quality that entitles a manager to confidence and profit. He must set an objective for himself as well as for his men. Then he must organize his work and accomplish his objective. He must be willing to do anything that he asks his men to do. He must be tactful and resourceful, and must know more about the job than any one else does. He must know up-to-date methods of sales strategy, be able to pick and develop men by working with them in the field. He should be firm, frank and friendly, but not familiar. Work—well directed work—is the determining factor. He must "See it through to the finish." By D. Gordon Hunter. *Quarterly Review of Life Insurance and Business Conditions*, October, 1925, p. 5:4.

### Determining a Sales Quota

A group of companies, each the largest in its line, with the most complete and thorough distribution, agreed to pool their sales figures to show distribution by territories. Each company sends in periodically its total sales in terms of percentage of business done for each state, with the United States as 100 per cent. These are combined and averages are computed. This yields data concerning the percentage of sales from each state for the average of the entire group. The resulting averages reflect the distribution of sales as affected by the buying habits of each section, in a manner which was far more in accord with actual conditions and situations than any statistics furnished to any of the

companies either by the government or by statistical organizations. Then it was easy for a company to tell whether it was getting its share of the business. By E. R. and P. W. Smith. *Harvard Business Review*, October, 1925, p. 49:8.

### How Chicago Milk Dealers Get Their Lost Bottles Back

There is an organized fight against the milk bottle robber, and against carelessness and waste, which is saving the milk dealers of Chicago three-quarters of a million dollars a year. This is a new adaptation of the bank clearing house idea. In 1924 more than 10,000,000 bottles were recovered from illegal use, and salvaged bottles from all sources now total more than 50,000,000 a year. *The Albatross*, No. 69, p. 29:1.

### How to Figure Salesmen's Quotas

The first thing to do is to search for suitable factors or indicators which reveal territorial conditions. Each factor is expressed in the form of statistics. The selling ability of the salesman in the territory is the biggest factor of all, determining the volume of business to be done, but quota does not use it as a factor. Quotas are calculated on territories—not on men.

The salesman needs some kind of a prod which will counteract the atmosphere of slowness in which he works, and a quota provides that needed incentive. By Arthur Livingston. *Management. Kardex Institute*. Oct. 1, 1925, 4 pages.

### Cutting Out Waste in Distribution

The first step in the prevention of unethical and wasteful trade practices among manufacturers, wholesalers and retailers might well be in the setting up of an impartial body of producers and distributors for the purpose of correcting trade abuses, which seems to be largely a matter of retaliation.

Some of the wastes which can be solved by joint action are: 1. The elimination of unnecessary variety in articles designed for



the same use. 2. The adoption of merchandise standards and a standard terminology to describe merchandise. 3. To bring about a more even flow of business

by spreading the retailer's orders over a longer period of time. By A. Lincoln Filene. *Nation's Business*, November, 1925, p. 35:2½.

### Sales Promotion: Letters, House Organs, Advertising

#### We Developed Sales Talent in Our Whole Working Force

The Union Trust Company of Chicago organized early in 1925 a drive for new customers and new business, which was very efficacious in developing latent sales talent. It consisted of a contest among 23 teams, each headed by an officer of the bank. Each team had its quota. Sales helps, coaching, organization work, and prizes were used with such good effect that the final score stood 333 per cent of the original quota. Such a contest supplies conditions that encourage sales ability. It gives an employee sales coaching of many kinds and from many viewpoints.

The bank discovered the desirability of something in the nature of a general opportunity and impetus to salesmanship from time to time among all employees, stockholders, and customers of the bank. By Craig B. Hazlewood. *System*, November, 1925, p. 578:2¾.

#### "We'll Take That Up on Saturday Morning"

The conclusion is reached that salesmen have been sent too many bulletins, and a better substitute is found to be the personal talk at the week-end conference. The results of many letters from executives in regard to this point have been boiled down to these suggestions: 1. Talk to the point. 2. The man who insists on selling the boss at the conference can be made to save his best sales arguments to use in the presence of the prospect by making him answer definite questions. 3. The presiding officer must know exactly what he is going to do, and must make his men hew to the line. 4. Arouse expectation. 5. Even the call-down, if it is tactful, comes with better grace at a conference than through the

mail. 6. This Saturday morning conference allows the sales manager to make a logical and effective résumé of the reports which have come in during the week. 7. Encourage the plodder. The greatest problem is not to allow the star to receive all the attention, but to draw out those others whose business in the aggregate is the one which keeps the factory wheels turning. By George Gatchell. *Printers' Ink Monthly*, November, 1925, p. 47:2.

#### Showrooms That Help or Injure Trade

Broadly speaking, there are three kinds of showrooms—the perfect, the palatial, the horrible. They have a far deeper effect on buyers than many thousands of manufacturers seem to realize. The ideal showroom should not be elaborate or palatial as then the attention is directed away from the goods and they suffer by comparison with their surroundings. Nor of course should a showroom be anything but clean and well lighted on the other hand. A few experiments will make this silent salesman prove to be more than worthy of the time spent, and expense incurred. By W. A. Laidlaw. *Business Organization and Management*, November, 1925, p. 79:1.

#### Removing the Menace of Surplus Production

The relation of supply and demand determines the price and strength of market of any product. The life of ripened fruit is so short that effective merchandising methods are difficult. However, canning, pickling, and "barreling" conserve perishable fruits, while advertising and sales promotion get their chance at others, like apples, prunes, and raisins. Then there are other new ways of removing the menace of oversupply. For instance, The Raisin Growers' Association now uses



the surplus of raisins for syrup and a by-product useful as stock food. By Martin Hastings, Jr. *Printers' Ink*, Oct. 8, 1925, p. 149:2.

### Benefit Systems and Incentives: *Bonus Plans, Vacations.*

#### How Paying Salesmen by Profits Doubled Their Value to Us

The Salt Lake Hardware Company established a profit-sharing plan long ago. A principal feature of their plan of remuneration is the differential allowed in the various territories. The salesmen who cover the distant and highly competitive territories are entitled to a greater percentage of profits than the men who sell under more favorable conditions.

At the close of the year the salesman's net earnings are arrived at by figuring his percentage of gross profit in accordance with the arrangements made with him, after deducting his percentage of loss sustained on any accounts for which he received credit during the year. From this is deducted the total of salary and expense money advanced to him throughout the year. The sum remaining is the salesman's bonus. By H. A. Schweikhart. *Industrial Merchandising*, November, 1925, p. 274: 1½.

#### What Are the Elements of an Effective Bonus?

Various sales bonus plans worked out by merchants for their salespeople are described. The most important are: 1. The sales bonus based on sales in excess of the sales quota assigned to salespeople. 2. The bonus based on a percentage of the salesman's yearly salary. 3. The bonus based on the increase of sales in the store, a percentage of this increase to be apportioned among the salesmen according to their individual sales increases. 4. The

service bonus for non-selling help based on length of service in the store. 5. The bonus for executives based on net profit of the concern. By J. K. Novins. *Store Operation*, Oct., 1925, p. 12:2¼.

#### Cashiers Graded and Paid Bonus For Efficiency

More and better work by central cashiers through the use of a bonus system has been created in a large New York store having more than 200 stations of pneumatic tube.

With this plan, cashiers are divided into three grades according to their seniority. Grade 1 comprises the older and more experienced cashiers who have a quota of 650 sales per day. Grade 2 is composed of less experienced operators who have a quota of 500 sales daily, whereas Grade 3 includes all new cashiers who are paid flat salaries.

To determine the bonus earned by each cashier, her month's work is divided by the number of working days. If the daily average of cashiers in Grade 1 and Grade 2 is 50 above their quotas, they get 10¢ for every day in the month. For example, if a cashier in Grade 1 averages 750 transactions per day for a month, she receives 20¢ per day for every working day in that month.

Premiums are also paid for every error detected by a cashier where money is involved. A payment of 10¢ is made for all such errors. Shortages are deducted from the premium money. *Store Service News*, Vol. 7, No. 7.

### Salesmen: *Selection, Training, Compensation*

#### What Is Proper Compensation For the Jobber?

Compensation is not a matter merely of discount. The jobber must have service and equipment. The Black & Decker Mfg.

Company consider these items as important in compensating their jobbers: selling only through jobbers, aggressive advertising, personal selling assistance, price protection, established resale prices, assured

turnover, freight allowances, 24-hour service, 25 per cent discount and quarterly dividends. An interview by James True with R. W. Procter. *Printers' Ink*, Oct. 29, 1925, p. 137:3.

### **Our Experience in the Selection and Training of New Agents**

Systematic training for a new agent is a necessity; the modern agent is equipped with at least a fundamental knowledge of the principles of life underwriting, what it is, what it does and how to sell it. This agency gives a course of study, lectures, examinations and supervised work covering three weeks. Moreover, they have a group of experienced, successful agents, known as "The Old Guard," who individually take an interest in the new man and help encourage him. Since beginning this plan the agency turnover has decreased about two-thirds, and the number of agents on a \$200,000 basis is 300 per cent greater. By Paul F. Clark. *Quarterly Review of Life Insurance and Business Conditions*, October, 1925, p. 3:2.

### **How to Figure Salaries and Sales Bonuses**

The final article in the series on salaries and bonuses. A simple salary plan is described which is especially adapted for use in smaller stores. A facsimile of the form used by C. A. Verner Company to compute the salesmen's extra earnings above their drawing account is reproduced. The plan if adopted should be explained first of all to the salesmen so that they will realize that the basis is a fair one, and that every salesman has an equal chance to earn more if he exerts special effort. By J. K. Novins. *Store Operation*, November, 1925, p. 11:2.

### **The New Commercial Disease: Over-Control of the Salesman**

The case against the sales manager is first summed up and these points are then elaborated. Point 1 states that the sales manager has no right ethically, logically or for business reasons to map out the whole life of the man on the road. In Point 2 it is declared that the time and energy

of the salesman is wasted by his being obliged to spend his evenings in reporting every incident, every conversation and the reasons for orders lost or gained. Point 3 states that it is wrong to take an unformed human being and attempt to force him into the same mould as someone else. Point 4: A quota which forces a man to think of to-day or this week only is a definite reduction of his efficiency. An annual turnover as a measure of success perhaps, but anything that jeopardizes next month's sales or next year's sales for the sake of filling an arbitrary schedule is entirely wrong. By N. Gerard Smith. *Business Organization and Management*, November, 1925, p. 114:3.

### **Abolishes Exclusive Territories to Keep Salesmen on Their Toes**

Under the plan of the Wattis-Kimball Motor Company the county is divided into zones or districts, similar to the usual method of establishing sales fields. But instead of allotting a specific territory or zone to any one salesman exclusively, all of the nine members of the sales force are authorized to sell throughout the city and county. This makes each salesman a competitor of every other salesman on the force.

But a little mystery has been instilled into this program. There really is a man in charge of each zone, but not a man knows what zone any other man has. Thus friendships are never strained on this account.

New men are paid on a straight commission basis, and after they have established themselves permanently with the company they receive a salary plus a commission. By Ruel McDaniel. *Sales Management*, November 14, 1925, p. 659:2.

### **Salesmanship**

#### **The House-to-House Salesman**

There is a definite economic place and justification for direct selling of certain types of article. Such selling supplements and even assists the retailer. This is es-

pecially true of articles which demand demonstration and educational work and with which other methods of distribution are not equipped. There is therefore no cause for uneasiness concerning the house-to-house solicitor. By Russell Wilmot. *The Manufacturing Jeweler*, November 12, 1925, p. 16:1.

### Let's Dig Into the Problems of Bank Merchandising

It is the bank's duty to analyze its cus-

tomers, determine their needs and then concentrate on these prospects. Only when each department sells each customer as many facilities of other departments as best fit his needs will the departments be functioning most efficiently. The department store idea brings to light the importance of survey, analysis and construction in applying salesmanship to business extension. By Byron E. Heitzman. *The Bankers' Equipment-Service Bulletin*, October, 1925, p. 9:1½.

## Survey of Books for Executives

### Fundamentals of Business Organization.

By Webster Robinson, Ph.D. McGraw-Hill, N. Y., 1925. 222 pages. \$2.50.

As stated in the preface "The purpose of this volume is to show that regardless of the size or character of a business there are certain basic factors and relationships which are essential to its effective organization."

The author not only proves his point, but accomplishes it in such a logical and interesting manner as to make the book easy to read and highly instructive.

The eight fundamentals expressed as headings for the eight chapters really constitute a complete outline of a successful business organization.

#### 1. Definite and Stable Policies:

Due consideration must, of course, be given to the *purpose* of the business. The more definitely this purpose is expressed, the better.

Next, it is necessary to determine the *policies* to be followed in accomplishing this purpose.

Then, the *method of establishing* these policies.

The three types of policies, "general, major and departmental," are fully described and several well-known executives are quoted.

#### 2. Functionalization:

In this chapter it is demonstrated that the way to handle a *big* job is to divide it up into a number of *smaller* jobs and assign each one to a man capable of doing it.

Functionalization is defined as "that fundamental of organization which requires that all proper functions of a business be recognized, granted existence, combined where similar or complimentary, and placed under the direction, supervision and control of properly qualified executives who have only one, or at most but a few, similar functions to perform."

Attention is called to the difference between the functional organization chart and the personnel organization chart. The value of both of these charts, as well as of the organization manual, is pointed out.

#### 3. The Right Man in the Right Place:

This chapter takes up the matter of "matching the man and the job" and contains comprehensive specifications for each grade of executive from president to foreman. Job analysis, job specification and methods of selecting and training employees are also covered.

#### 4. Direction:

"Direction is the factor which governs the conduct of the whole organization. It is the source of all decisions, the origin of all judgments."

The importance of directive planning is emphasized, also the superiority of written instructions over oral instructions.

Standard practices and standards of performance are described and differentiated. "A standard practice is an actuality, a method or means already in use in the operation of the organization; while a standard of performance is something to be attained, a goal set to be reached by operation."

#### 5. Supervision:

"Without supervision, organization is impossible, for supervision is a fundamental prerequisite to the accomplishment of collective results."

Supervision is shown to be the indispensable complement of direction. Personal and impersonal supervision are described and the difference between supervision and inspection is shown.

#### 6. Control:

"Control is that fundamental of organization which comprises the means of providing the manager and the executives of an organization with continuous, prompt and accurate information concerning the efficiency of operation, what the business is doing, what it has done in the past and what it can be expected to do in the future."

This chapter proves, beyond a doubt, the value of a budget. Three types of control are described: personal, record and scientific. Only the last named is adequate for even a small organization and this type of control is based, absolutely, upon "the forecasting of results, the recording of results and the definite placement of responsibility for results," in other words, *budgeting*.

Various standards of performance and ratios are described, also types of reports necessary for various department executives.

#### 7. Delegation and Co-ordination of Authority and Responsibility:

Responsibility and authority must go hand in hand, not only to insure the greatest success for the organization, but, in fact, to protect it from certain failure.

Modern conditions in the business world make it imperative that the present-day manager delegate responsibility and authority to his department heads through a proper functionalized plan of organization.

#### 8. Incentive:

This chapter discusses all of the many forms of incentives which may be utilized in an effort to secure maximum production from the members of the organization.

Chapter 8 constitutes an excellent platform worthy of adoption by any personnel department.

Dr. Robinson says his book is designed primarily for the *student* of business administration. It will well repay the careful study of all business executives who feel that they *still* have something to learn about business organization.

T. O. KENNEDY,  
*Vice-President,*

*The Ohio Public Service Company.*

**Practice of Workmen's Compensation Insurance.** By Saul B. Ackerman. Spectator Company, New York, 1925. 191 pages. \$4.00.

In many large manufacturing concerns, from one to three per cent of the labor cost is consumed in accident compensation and medical costs for employees. It is surprising how little many executives know as to the operation of the laws under which this very considerable amount of money is disbursed. For a much smaller portion of labor cost, industrial experts are often called in and consulted in order that the executive may thoroughly inform himself as to the ways of cutting this down.

One of the reasons for this lack of enlightenment is the voluminous number of decisions and varying laws in the different states of the Union bearing on this subject and the extremely technical character of fixing compensation insurance rates. Mr. Saul B. Ackerman, in his little volume on "Practice of Workmen's Compensation Insurance," has done much to dispel the darkness which exists for the layman in the field of compensation insurance.



Doubtless there is a tendency in many states with good compensation laws for referees more and more to side with the contentions of injured claimants. However onerous this may be to the employer, there is some question whether this is not much to be preferred to the system which still persists in some states. The system by which such cases are either settled out of court or are tried before twelve good men and true, with the case of the injured argued by a lawyer who knows he will receive a fixed portion of any award made.

Such facts make us believe the author is justified in the sympathetic attitude he takes toward the whole compensation law. The feasibility of the principle of a fixed compensation law is no longer in question.

The author's chapter on Legal Aspects of Compensation, the Investigation and Adjustment of Claims and his following of a specimen claim through its routine serve their purpose well.

We wish he could have made the matter of Schedule and Experience Rating as clear. Perhaps this matter of Rating cannot be made simple enough to be understood without a background of insurance study and statistics. At any rate, the reviewer is compelled to confess that, although the chapter on Rate Making is relatively clear, the chapter on Schedule Rating and the one on the Experience Rating Plan, are not much simpler than the material set forth in the regular Rating handbook, as issued by the National Council on Compensation Insurance.

Medical charges and the question as to what choice of physician the claimant can have, are worthy of all the attention given. Mr. Ackerman calls attention to the fact that "there is a growing tendency among carriers to permit the injured employee to choose his own doctor, provided that the doctor is competent and follows ethical practices." This is a tendency which should be regarded with some concern not only by industrial, but social and public agencies as well. Many would be inclined to agree that "to permit the worker an unrestricted

choice might mean increased suffering to the worker and added cost to society."

To reduce a program of Accident Prevention to one small chapter is quite a task. It can hardly be expected that the subject could be treated adequately within such small confines. The author, however, has at least made an introduction to the subject.

The rapidly increasing work and technique of Rehabilitation is also given a chapter, which seems pretty well summarized.

We believe the accuracy of the statements in the book may mainly go unquestioned. With the exception of the attitude towards State Insurance Funds, which seems somewhat bitter, the most of the material assembled seems relatively unbiased.

We can hardly agree with the blurb carried on the jacket, which implies that the book discusses in detail an outline for a campaign of accident prevention, an explanation to insured as to how he can reduce his rate by properly improving the physical condition of his Plant, etc., is altogether justified. However, for one who is uninformed on any of the questions named, Mr. Ackerman's book is a very commendable introduction.

C. L. PEAK,

*Director, Industrial Relations,  
American Radiator Co.*

**Employer-Employee Relations in Hotels.** By W. I. Hamilton. Williams and Wilkins, Baltimore, 1925. 192 pages. \$3.00.

Why the hotel industry should be the most backward of all accredited industries in establishing business tactics in the conduct of its affairs is not easily understood by progressive business men. But such is the truth, and therefore the need for the W. I. Hamilton text on "Employer-Employee Relations in Hotels."

The book, for the most part a compilation from many sources of information previously published about hotel management, is told in twelve brief chapters in



which this reader wished to hear more from Mr. Hamilton and less from those whom he quotes and who have been quoted so frequently in recent books on the human equation in the management of industry.

But Mr. Hamilton's treatise deserves wide popularity among hotel men, for to them it is a path-finder. And to those of them who care to open their minds to an understanding of the value of having a policy standard in hotel management and a systematized plan working for that policy it should be decidedly helpful.

Near the beginning of the preface I find this sentence: "This book is written with a conviction that the most important factor in the stabilizing of any business is an enlightened handling of the problems centering around employer-employee relationships." No one surely will gain-say that statement. At the conclusion of the preface is this statement which comprehends the intention of the author: "To render better service is the aim of every progressive hotel man. This book will have served its purpose, if it assists in any measure toward accomplishing that aim." It seems to me that the purpose of the book has been accomplished. Therefore, to "progressive hotel men," and to those who are not yet so designated, "Employer-Employee Relations in Hotels" is recommended as a profitable study.

GRACE M. AIRD,  
*Gregg and Aird, Inc.*

**A Survey of Personnel Activities.** Report of the Cleveland Chamber of Commerce, 1925. 23 pages.

The Committee on Labor Relations and the Employment Managers' Group of the Cleveland Chamber of Commerce have made a very interesting survey of personnel activities in 111 Cleveland concerns. The purpose of the survey is threefold:

1. To determine how widely certain kinds of personnel work are being carried on in Cleveland industries.

2. To determine how often these activities have been started and discontinued.

3. To prepare the way for a more thorough study of those particular activities which the survey shows to be deserving of further investigation.

The first part of the report consists of a summary showing:

1. The number of concerns in which various activities are found.

2. The number which have started and discontinued them.

3. The relative permanence of each activity.

The second part of the report deals with each activity in detail and gives a list of concerns conducting them.

**Business—A Profession.** By Louis D. Brandeis. Small, Maynard & Company, Boston, 1925. 374 pages.

This book is a reprint of an earlier edition and really consists of articles which have been reprinted from a great many magazines.

**Wages and Hours In American Industry.** National Industrial Conference Board, Inc., New York, 1925. 199 pages. \$2.50.

This volume is intended to present a clear, accurate and comprehensive picture of the trend of wages, hours of work and employment in American manufacturing industries during the decade since 1914. After describing the trends in this period against the background of earlier long-time movements, it analyzes in detail the conditions in the major industries during the past year, which presented many interesting and peculiar features. The industries covered are iron and steel manufacturing, metal trades, textile, leather, chemical, paper and printing, furniture, lumber, meat packing, rubber, etc.

**An Introduction to Economic Geography.** Volume I. By W. D. Jones and D. S. Whittlesey. The University of Chicago Press, Chicago, May, 1925. xxv:375 pages. \$5.00.

This is part of the series on Materials for the Study of Business published by mem-

bers of the faculty of the University of Chicago. It is designed for university use. Volume I covers the Natural Environment as Related to Economic Life, including such main topics as the Scope of Economic Geography, Climate and Natural Vegetation, Land Forms and Soils, Bedrock and Mineral Deposits, Ground and Surface Waters of the Lands, Oceans and Their Coasts, Shape, Size and Location as Elements of the Natural Environment.

The book is profusely illustrated, all of the illustrations, however, being at the back of the book. There is also an excellent index and an extended table of contents. Suggestions to Teachers points out ways of presenting the material.

**Book of Business Standards.** By J. George Frederick. Nicholas L. Brown, New York, 1925. 204 pages. \$2.00.

In these days when so much is said about the slumping of moral standards in the young people of the land, and their lawlessness and irresponsibility, it is both refreshing and reassuring to know that there is such a publication as J. George Frederick's great little "Book of Business Standards."

Human conduct is the hardest thing in the world to standardize, for the reason that no two individuals are exactly alike. And, nowadays, we are told, home influence is breaking down—the home having always served heretofore in human history as the bulwark and teacher of moral standards.

It is little wonder, then, that business men especially, for purposes of self-protection, if for nothing more, should unite in adopting in their various organizations such Codes of Ethics and Codes of Conduct as Mr. Frederick includes in his book.

But this is not all of the book. The Ten Commandments and the Moral Law are safe guides for human conduct, but in these strenuous and complex days, they need elucidation.

Mr. Frederick's masterly summing up of the essentials of relationship between employee and employer, and between those

who are members of the same trade or industry, as well as the relations of industries to each other, supplies something to tie to in all the contacts of business and industrial life.

Tests and statistics prove the percentage of dishonesty among our people, as regards money matters, to be less than one per cent. But there are many forms of dishonesty that only indirectly concern money. An employee who would scorn to steal even as much as a dime will "soldier" on the company's time. A certain type of employer who is scrupulously honest in money matters will try to keep his employees at the lowest possible rate of pay, regardless of their merit.

Mr. Frederick's book makes clear the principles that may be safely followed in the many and varied complexities of modern business life. Principles of human conduct being the most important things in the world, the importance of his book cannot be over-estimated.

W. E. FITCH, *General Manager,*  
*Laundryowners National Association.*

**Skill in Work and Play.** By T. H. Pear. E. P. Dutton and Co., N. Y., 1924. 104 pages. \$2.00.

The author has pointed out the applicability of the facts which may be learned from a study of the acquisition of muscular or bodily skill in various sports, to the manual operations of industry.

We are told that the study of the economical acquisition of skill is not simple, and economy of time must be very carefully distinguished from economy of energy, as the quickest method may require the greatest expenditure of muscular effort which, after all, may not be desirable nor at all essential.

Another most important point is brought out in connection with his discussion of training in industry to the effect that the detection and pointing out of the faults of a learner by a skilled overseer does not constitute real training. Effective training is a positive rather than a negative affair. This may seem a very simple

and obvious thought, but it is one which those directly or indirectly responsible for training will do well to keep in mind.

The book is not popular in its style and is somewhat wordy. Although highly technical for the every-day busy industrialist who may not have ploughed very deeply into the field of psychology, and therefore hard to follow in places, it is unquestionably a scholarly piece of work and well worth the unhurried and thoughtful reading it requires.

F. A. POPE,

*Supervisor of Training,*

*Worthington Pump and Machinery Co.*

**Problems in Sales Management.** By Harry R. Tosdal, Ph.D. A. W. Shaw, Chicago, 1925. 842 pages. \$5.00.

Apparently the merits of the "case system" of instruction are still being debated in educational circles, in spite of its adoption in the teaching of law by institutions like Harvard, Chicago and Michigan.

Its application by Dr. Tosdal to sales management should add weight to the arguments of the proponents of the method, and it is a pity that the bulk of the book will probably deter many sales managers from proper acquaintance with it. A volume of 850 pages is apt to give pause to the man who, in addition to the daily operations of his task, has somehow to fit in a certain amount of reading and study.

He may also be disposed to dismiss as too academic for his purposes a series of hypothetical problems, and to feel that these might better be confined to the college classroom.

It is, of course, in the colleges of commerce and administration of our universities where this book will have its greatest use and value, but one is tempted to envy the youth whose curriculum compels him to sharpen his powers of analysis and decision, and to survey the whole field of sales management in the manner provided by Dr. Tosdal.

The practical operating sales executive will miss a good deal if he looks on this solely as a collegiate text. If he wants

to learn his arithmetic by looking in the back of the book for the answer, he will be disappointed and perhaps exasperated, because the answers to the problems are not given. But the problems are stated with admirable clearness in considerable detail, and apparently with all the pertinent data in hand—certainly enough to provide a basis for a decision.

Members of sales managers' clubs will testify to the frequency with which the mere statement of a *method* of operation contains the key to a problem, and even without the answers, the fact that these problems are literal statements (disguised as to identity) of the actual practice of real concerns gives them a suggestiveness that can be made helpful in the extreme.

If, however, the sales executive is less interested in the mental discipline afforded by an examination of the other fellow's troubles, he will still find in this volume many definite items that he can pick up and use.

First is the functional breakdown or subdivision of the marketing process that serves to create the chapter headings of the book, and which also define the major parts of the sales manager's task.

Then for each heading and sub-heading there is an introduction which is a highly developed bit of analysis—alone worth very careful reading.

The bibliographies are simply amazing in their arrangement and scope. The present reviewer does not know that there is anywhere else available so complete or so well organized a list of reading references on marketing problems. The charts, forms, contracts, quota plans, territorial divisions, etc., that are used to illustrate the problems form a practical supplementary feature.

It is not intended nor will it serve as a handbook for quick reference. But on each of its eleven major topics it will give the student a truly scientific analysis of that subject, made concrete and specific at every turn by actual material.

W. A. McDERMID,

*The Hoover Company.*

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